

**LETTER**

FROM THE

**SUPERINTENDENT OF INDIAN TRADE,**

TO THE

**CHAIRMAN OF THE COMMITTEE ON INDIAN AFFAIRS,**

COMMUNICATING

**A REPORT IN RELATION TO INDIAN TRADE.**

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DECEMBER 13, 1820.

Printed by order of the Senate of the United States.

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## IN SENATE OF THE UNITED STATES,

DECEMBER 13, 1820.

Mr. HOLMES, of Mississippi, communicated the following letter and report, which were read, and ordered to be printed for the use of the Senate.

## INDIAN TRADE OFFICE,

*December 6, 1820.*

SIR: I have the honor, in conformity with the request contained in your letter of yesterday, to enclose, herewith, a copy of my report in relation to Indian trade, made on the 30th ultimo to the chairman of the committee, on this subject, of the House of Representatives.

With great respect,

I have the honor to be, Sir,

Your obedient servant,

THO. L. M·KENNEY,

*Sup. Indian Trade.*

To the HON. DAVID HOLMES,  
*Chairman of the Committee of the Senate  
on Indian Affairs.*



## OFFICE INDIAN TRADE,

*November 30th, 1820.*

TO THE HON. HENRY SOUTHARD.

SIR: I have had the honour to receive your letter of the 29th instant, conveying the request of the Committee on Indian affairs to have "communicated to it such information respecting the Indian trade as I may deem necessary and proper in relation to that business."

In the communication which I had the honour to make to the committee in January last, the stock and property belonging to the trading establishment, estimating the merchandise on hand at its original cost prices, was reported to be worth \$308,855 45 including \$43,369 61 for property destroyed by the enemy during the late war; and 10,000 dollars which was provided for by the treaty of Fort Wilkinson, on account of debts due the factory there, and which has been absorbed in the surplus fund. These items it is thought proper to add, because their absence from the stock is not chargeable to any defect, either in the principle, or operations of the trade system. The gain of the trade, as reported, was \$72,225 6

The average increase which produced this gain has had no accession made to it by the operations of the last year—nor has there been any loss. An unusual depression in the prices of bear and deer skins, together with a destruction by the worms, at New-Orleans, of a considerable quantity of the latter, arrested the slow, but gradual increase of profit, (and the profit, it will be recollected, is dependent for its increase upon the demand which may exist at home, for the articles taken in barter from the Indians.) But these losses have been about balanced by the gains arising out of the sales of furs and other articles. Gain, however, is not one of the characteristics of this system. The law is definite upon this point in excluding from the system all considerations of gain. It fixes the advance at such a per centum, only, as shall save the capital from diminution. The expense of transportation, of incidental disbursements, and the probable damage to which the supplies are liable in passing over such an extent of country, form the items of advance on the original cost of the articles. The salaries allowed to the agents who conduct the trade have been otherwise provided for: These are paid direct from the Treasury. The articles bartered to the Indians are, therefore, not taxed, nor should they be, with the salaries of agents, because this is paid them in support of our own policy; and the demand upon the Treasury would be no less necessary, in the absence of the Factory system, for the pay of at least an equal num-

ber of agents whose services would be required in some other branches of our Indian relations. Such, doubtless, was the view taken of the subject by those who originated the scheme; otherwise, it were difficult to find a reason why the trade was not taxed with it from the beginning. If this be so, the profits which have been realized are so much clear gain to the government. Should it be thought proper, however, to charge against the gain of the trade the compensation allowed to the agents for conducting it, the result will be an annual disbursement from the Treasury of about five thousand dollars, more than have been realized in the profits of the trade. But if, as has been suggested, our Indian relations would have required, in the absence of the trade system, an equal number of agents, it follows that the profits which have arisen out of a prosecution of the trade are so much clear gain. This view, however it may serve to shew the capacity of the trade to sustain itself, is considered to embrace a consideration of but minor importance. A few thousand dollars either way will not, it is presumed, furnish reasons for either the continuance or abandonment of the system. Greater objects than such as are included in making gains out of an impoverished people were in the view of those who originated this intercourse with our Indians; nor has the time that has elapsed, since its commencement, diminished any of their importance. The same justice is to be consulted; the same humanity exercised; and the same political influence is to be sustained, now, as then; and the civilization and preservation of these helpless people are to be accomplished. *A well organized commercial intercourse, it is confidently believed, must form the basis of all these important objects.*

It is true a commercial intercourse has been long established; but it is also true that to its defects, and to counteracting influences, and not to the principle, is to be attributed whatever failures it may stand charged with. There is no power more influential than trade; nor is there any agent, which the United States can more conveniently command, or at so little expense, for the proper control and regulation of our Indians. It is a lever, against the power of which, whenever it shall be brought properly to bear upon them, they will not make even a show of resistance. Indians are like other people in this, as in other things,—they will make large sacrifices rather than be shut out from commercial privileges. But to this hour the experiment (in relation to our Indians) remains to be tried, on which the theory relies for its demonstration. Our having had a trade, or being engaged in trade now, and realizing but few of the advantages which are attributed to it, cannot be admitted as an argument against the principle, unless it were shewn that the system was in all respects such as it ought to be—by being, first,—commensurate, in the extent of its means, to the objects contemplated by it; and, secondly,—not oppressed in its operations by opposing influences.

A slight examination of its history will satisfy any inquirer that it has been deficient in the former, and beset, from its commencement,



by the latter. There can be no question but a million of dollars could be employed in our Indian trade profitably to the government, usefully to the Indians, and affording to our manufacturers, and dealers in furs, &c. great advantages. Instead of this capacity, only 300,000 dollars have been assigned to it; twenty thousand of which have reverted to the Treasury, and forty-three thousand and odd dollars have been destroyed by the ravages of war: thus reducing the actual amount employed to a little over 236,000 dollars. But even this amount could have been made to subserve, more extensively, the designs of the government, had it not been assailed, in its application to the objects contemplated by it, by counter influences. These owe their origin to the law under the provisions of which private traders have been admitted into the Indian country: not so much to their admission, as to the manner of it. It has literally turned them loose into the forests, with scarcely any stipulations as to qualifications or character, and without retaining a single efficient check to their proceedings. If this law had made this trading privilege to turn upon qualifications, satisfactorily established, and enforce upon adventurers, after an approval of their fitness, an obligation to conduct their intercourse from previously recognized and permanent locations, other results might have been expected. The influences which it was intended should result from the pacific, humane, and improving designs of the government, and the influences which must, of necessity, proceed from roving bands of private adventurers, cannot be otherwise than adverse to each other. Nor is it reasonable to look for any of these efficient results of policy which a well organized trade would produce, whilst, by the side of it, are arranged such a multitude of interests, all of them aiming, by separate plans of policy, and with scarcely any control being had, by the government, over any of them, to overcome and put down each other, and whatever else opposes the realization of their separate and clashing interests.

I deem it unnecessary to enumerate the evils which arise out of the intercourse carried on by individual traders with our Indians. But I beg leave, respectfully, to refer the committee to my report of the 7th January last, barely remarking, that the experience of another year has been added, demonstrating the pernicious effects which continue to result from it.

A system established on principles securing to it upon the one hand a controlling power over those who might resort to it for their trade, and, on the other, from opposing and counteracting influences, would be productive of every consequence which it could be desirable to derive from it. The Treasury would be secure, not only in its advances, but returns might be made to it, and with perfect justice to the Indians, if to no greater extent, yet so far as to ensure a just equivalent for the use of the capital employed. It would be easy to provide for its security in the persons of the Indians themselves. Only make them to depend on our trade, and thus identify their interests with the security of the property located amongst them, and they would soon see that a destruction of the latter would be followed by

an afflicting involvement of the former. A control being thus obtained, it would be only necessary, then, to place the designs of the government before this power to ensure their accomplishment. These designs being kind in their tendency, and having reference to the enlightening and preservation of these people, the happiest consequences might be justly expected to flow from them. Out of the prosecution of this trade would come large supplies of the finest furs for our manufacturers, whilst the commercial branches of our population might resort to the depot for supplies for exportation. It is much to be desired, in all the points of view which I have been able to take of this subject, that such a trade were established. But, if the system cannot be so enlarged as to fit the dimensions which a capital of a million of dollars would mark out, it is respectfully recommended to reinvest the capital with the 20,000 dollars which have been passed to the surplus fund, and the \$43,369 61, the amount of property destroyed during the late war. The accession to the capital of these items, amounting to \$63,369 61, all which it might not be necessary to apply for a year to come, will make a capital, from the Treasury, of 300,000 dollars, which is the sum hitherto recognized by Congress, and which was provided by the several acts passed on the subject. But even this addition, or any other addition, would be unavailing, unless the law authorizing the admission of private traders into the Indian country, to the unsuitable provisions of which has been superadded much abuse, be so altered, as to fix the right of appointing in the President of the United States, and to impose an obligation on such as may be thus appointed to locate, and at such points as may be approved by the President of the United States. Thus strengthened, and thus defended, results may be calculated upon, at once gratifying to the government, beneficial to our merchants and manufacturers, and friendly in their consequences both to the Indians and our civilized border population.

It were easy to multiply reasons in support of these views, but I will barely remark, that great reliance is placed on a well devised system of trade, as an auxiliary in promoting the benevolent scheme of civilization which appears to have met the approbation, and secured the co-operation, of so many thousands of our most respectable citizens.

It is believed that whatever assistance the Congress can provide, in aid of this interesting design, will be most cheerfully granted. Without the co-operation of that body, the work must make a comparatively slow progress; with it, its accomplishment appears now to be certain.

All which is respectfully submitted.

THO. L. M'KENNEY,  
*Sup. Indian Trade.*